

November 15, 2017

The Honorable  
United States House of Representatives  
Washington DC, 20515

Dear Full House

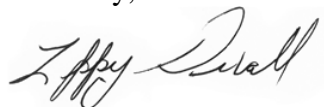
The American Farm Bureau commends the House of Representative for advancing a bold proposal to reform our nation's tax code with the goal of promoting economic growth. This letter provides AFBF's endorsement of H.R. 1, the Tax Cuts and Jobs Act. The lower individual tax rates and the new business tax rate contained in the bill hold the potential to reduce income taxes for farmers and ranchers.

A tax system that is fair to small business must allow for the deduction of all legitimate business expenses. The bill's expansion of Sect. 179 small business expensing and extension of unlimited immediate expensing will provide a benefit to larger operations that exceed current limitations. In addition, the bill allows farmers and ranchers to continue deducting normal and customary business expenses including but not limited to feed, seed, fertilizer, chemicals and fuel. The bill also allows for farm and ranch businesses to continue taking the deduction for state and local taxes. While AFBF supports the continuation of a complete deduction for business interest expense, the bill as written will not limit the deduction for most agricultural producers.

Because farmers and ranchers operate low-margin businesses with unpredictable income streams, it is important to continue accounting measures that are essential to help them manage their cash flow and tax liabilities. AFBF appreciates that the bill recognizes the value of cash accounting and does not limit its use. Continuation of like-kind exchanges for buildings and land also is an important provision. The loss of like-kind exchanges for livestock and equipment is less of a concern because it is temporarily offset by expanded expensing. We look forward to working with Congress to make expensing provisions permanent so that farmers and ranchers will have the certainty they need to manage their farm and ranch businesses.

Finally, AFBF is extremely complimentary of the permanent repeal of estate taxes and the continuation of step-up in basis contained in H.R. 1. While we would prefer immediate repeal, the doubling of the estate tax exemption indexed for inflation with a continuation of the spousal transfer is a positive intermediate step that will ease the burden for the vast majority of farmers and ranchers.

Sincerely,



Zippy Duvall  
President